FJP Investment

ALTERNATIVE INVESTMENTS EXPLAINED

A PRACTICAL GUIDE TO UNDERSTANDING STRUCTURES, RETURNS, RISKS AND INVESTOR RESPONSIBILITY

Seven principles every investor should understand before considering an alternative investment.

SELECTED ALTERNATIVE INVESTMENTS FOR QUALIFYING INVESTORS

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WHAT "ALTERNATIVE INVESTMENT" MEANS

The phrase describes what an investment is not, rather than a single asset class with consistent characteristics. Two opportunities described by the same words can differ in structure, rights, term and risk.

A description, not a category

In general use, "alternative investment" covers opportunities that sit outside listed shares, mainstream bonds and cash products. That is a wide field. It can include lending to a private company, an interest in a property project, a stake in an unlisted business, or a contractual right to a share of future revenue. Because the term is descriptive rather than technical, it tells an investor very little on its own. The detail of the individual arrangement is what matters.

How conventional and alternative arrangements can differ

LISTED SHARES

Traded on a public market, priced continuously, with disclosure obligations set by the market and the regulator.

MAINSTREAM BONDS AND CASH

Widely held instruments and deposit products with established terms, published pricing and familiar documentation.

ALTERNATIVE ARRANGEMENTS

Usually privately arranged and bilaterally documented. Information comes from the provider, and there may be no market price or ready buyer.

These are differences in how an investment is arranged, documented, priced and exited. They are not a ranking. Neither category is inherently better, safer or more appropriate than the other, and the right comparison is always between the specific arrangements in front of the investor.

Four things that are not the same thing

THE UNDERLYING ASSET

The property, project or business that is expected to produce value.

THE LEGAL ENTITY

The company or vehicle that owns the asset, issues the instrument or borrows the money.

THE INSTRUMENT

What the investor actually acquires, such as a loan note, a bond, a share or a contractual interest.

THE INVESTOR'S RIGHTS

What the documents entitle the investor to receive, from whom, when, and in what order of priority.

> **KEY MESSAGE**
>
> The label attached to an opportunity is not enough on its own. The structure, the documents and the investor's contractual rights provide the detail.

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IMPORTANT INFORMATION

Purpose of the guide

This guide explains how alternative investment opportunities may be structured, where returns may come from, which risks require examination and what information an investor may wish to review. It is written for qualifying private investors and is general in nature.

It is not an offer to invest, a financial promotion for any particular opportunity, investment advice, legal or tax advice, or a personal recommendation. It does not describe any current opportunity, provider, return or product.

Capital and liquidity risk

Capital is at risk. An investor may receive back less than the amount invested and may receive nothing. Many alternative arrangements are illiquid: there may be no market price, no ready buyer and no right to withdraw early, and repayment may occur later than expected or not at all.

Regulatory and compensation-scheme protection may not apply, and the position must be checked for the particular firm, activity and product concerned. [S1 S2]

FJP Investment's limited role

FJP Investment acts as an introducer. It does not provide financial, legal or tax advice, assess suitability, manage investments or hold investor money. The investor remains responsible for conducting their own due diligence, obtaining independent professional advice and making an independent decision. Any application or investment agreement is entered into directly with the opportunity provider.

FJP Investment is not authorised or regulated by the Financial Conduct Authority.

Independent professional advice

Nothing in this guide is a substitute for advice on an investor's own circumstances. Independent regulated investment, legal and tax advice may be appropriate, particularly where the amounts are material, the structure is unfamiliar or the investor is resident outside the United Kingdom. Whether a firm is authorised, and for what, can be checked on the public register. [S3]

> **PUBLICATION AND SOURCE DATE**
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> First published September 2026. Sources listed on page 16 were checked to 5 September 2026. Legislation, regulatory requirements, tax treatment and public guidance can change. Confirm the current position before acting.

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ALTERNATIVE INVESTMENTS ARE NOT ONE THING

The broad groupings below are commonly used to describe privately arranged opportunities. Each has its own economics, documentation and failure modes, and each requires separate examination.

PRIVATE CREDIT AND PRIVATELY ISSUED DEBT	The investor lends, or subscribes for an instrument such as a loan note or bond. The outcome depends on the borrower's ability to pay interest and repay capital, and on any security supporting that obligation.
PROPERTY AND OTHER REAL ASSETS	Exposure to land, buildings or other physical assets, either directly or through a vehicle. Income, occupancy, development risk, valuation and the cost of holding the asset all matter.
INFRASTRUCTURE AND RENEWABLE-ENERGY PROJECTS	Long-lived assets whose cash flow may depend on construction being completed, on operating performance, and on contracts, consents or tariff arrangements remaining in place.
PRIVATE COMPANIES AND GROWTH CAPITAL	An equity interest in an unlisted business. Returns, if any, usually depend on a future sale, listing or distribution, and the investor typically ranks behind the company's creditors.
SPECIALIST FINANCE AND CONTRACTUAL OPPORTUNITIES	Arrangements defined mainly by their contract rather than by an asset class, such as a right to a share of identified revenue. The contract wording is the investment.

These groupings overlap. A single opportunity can involve property, a construction programme, a corporate borrower and a contractual payment right at the same time. The grouping an opportunity is placed in matters far less than the specific structure, documents and rights described in the following pages.

> SCOPE OF THIS OVERVIEW
>
> These are illustrative categories used for explanation only. They do not describe what is currently available through FJP Investment, and their inclusion is not a recommendation, an endorsement or an indication that any category is appropriate for any investor.

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START WITH THE LEGAL STRUCTURE

Almost every question about an alternative investment becomes easier once four separate layers have been identified and set out in order.

01 THE UNDERLYING ASSET, PROJECT OR BUSINESS

What is expected to generate value: a site, a building, a portfolio, a plant, a trading business.

02 THE ISSUING OR BORROWING LEGAL ENTITY

The company or vehicle the investor contracts with. It may or may not be the entity that owns the asset, and it may sit above or below other companies in a group.

03 THE INSTRUMENT ACQUIRED BY THE INVESTOR

A loan note, bond, share, unit, partnership interest or contractual right. The instrument determines the legal nature of the investment.

04 THE CONTRACTUAL RIGHTS BELONGING TO THE INVESTOR

What is owed, by which entity, when, on what conditions, and where the investor ranks if there is not enough money to pay everyone.

Why the distinction matters: an example

Consider a hypothetical arrangement. A development site is owned by a subsidiary company. A parent company issues loan notes to investors and lends the proceeds down to the subsidiary. The investor's instrument is a loan note, and the investor's counterparty is the parent, not the subsidiary that owns the site.

The investor does not own the site and cannot deal with it. If the site performs well, the benefit reaches the investor only if the parent receives money from the subsidiary and is able to pay under the notes. Any security, guarantee or ranking sits at a particular point in that chain, and its position needs to be identified rather than assumed.

INFORMATION TO IDENTIFY

The name and company number of every entity in the chain, which entity owns the asset, which entity issues the instrument, and where in the chain the investor's rights sit. Company information, filings and registered charges are publicly available. [S4]

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DEBT, EQUITY AND OTHER CONTRACTUAL RIGHTS

Investors participate in privately arranged opportunities in a small number of recognisable ways. Each carries a different kind of right and a different relationship to the money the project generates.

LOAN NOTES AND BONDS

The investor is a creditor of the issuer. The documents usually set out a stated rate, payment dates and a maturity date. A contractual right to be paid is not the same as the issuer having the money to pay, and the investor generally has no control over how the business is run.

SHARES AND OTHER EQUITY INTERESTS

The investor owns part of the entity and shares in what remains after liabilities are met. There is normally no fixed return and no maturity date. Equity ranks behind creditors, so it carries both the upside and the first loss.

DIRECT OWNERSHIP

The investor holds legal title to the asset itself, alone or with others. This may provide more direct control, together with responsibility for management, costs, compliance, tax and eventual sale.

REVENUE-SHARING AND OTHER CONTRACTUAL ARRANGEMENTS

The investor holds a contractual right to a defined share of identified income or proceeds, without owning the asset or lending in the conventional sense. Everything depends on how the contract defines the income, the deductions and the payment mechanism.

Three questions that separate them

PAYMENT RIGHTS

Is a specific amount owed on a specific date, or is payment dependent on profit, proceeds or discretion?

OWNERSHIP AND CONTROL

Does the investor own anything, vote on anything, or have any ability to influence decisions?

ORDER OF PRIORITY

If money runs short, who is paid first? Secured creditors, unsecured creditors and shareholders are not treated alike. [S5]

None of these forms is inherently better than another. A fixed coupon is a contractual promise rather than a guaranteed payment, and an equity interest with no stated return is not automatically riskier than a stated rate that the issuer cannot fund. The comparison that matters is between the specific documents.

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WHERE RETURNS COME FROM

A stated return should be understood by identifying the money that is expected to pay it. Every return has a proposed economic source, and that source can be described plainly.

Possible economic sources

OPERATING CASH FLOW

Money generated by a trading business or operating asset after its own costs.

INTEREST OR CONTRACTUAL PAYMENTS

Amounts payable under a loan or contract by a borrower or counterparty.

RENTAL OR PROJECT INCOME

Rent or receipts produced by a property or project, net of voids, costs and management.

ASSET SALE

Proceeds of selling the asset, which depend on price achieved, timing and costs of sale.

REFINANCING

New borrowing replacing existing funding, which depends on a lender being willing to lend at that time.

PROFIT PARTICIPATION

A share of a defined profit or surplus, which arises only if that surplus is achieved.

CAPITAL APPRECIATION

An increase in the value of the asset or entity, which is realised only on a sale or other exit.

WHERE THEY COMBINE

Many arrangements rely on income for interim payments and on a sale or refinancing to return capital.

Five words that are not interchangeable

CONTRACTUAL TERMS	Amounts the documents oblige an entity to pay, on stated dates and conditions.
TARGETS	Outcomes the provider is aiming for. A target creates no obligation to pay.
FORECASTS	Projections built on stated assumptions. The assumptions matter as much as the figures.
ILLUSTRATIONS	Worked examples showing how a structure would behave under chosen conditions.
GUARANTEES	A promise by an identified party to meet an obligation, worth only what that party can pay.

INFORMATION TO IDENTIFY

Contractual wording does not itself guarantee that the provider will have sufficient money to perform its obligations. Identify which words in the documents create an obligation, which describe an intention, and what has to happen for the cash to exist.

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UNDERSTANDING THE RISK MAP

Risk in a privately arranged investment is not a single quantity. Several distinct kinds of risk sit alongside each other, and they are best examined separately before being considered together.

CAPITAL LOSS

The investor may receive back less than the amount invested, or nothing at all.

PROVIDER AND COUNTERPARTY

The entity that owes the money may fail, may be unable to pay, or may not perform as described.

OPERATIONAL AND PROJECT

Construction, planning, occupancy, costs, suppliers, staff or demand may not develop as planned.

LIQUIDITY

There may be no right to withdraw, no buyer and no market price, and money may be committed for longer than expected.

VALUATION

A stated value may rest on assumptions, a particular date, a specific basis or a market that has since moved.

LEGAL AND ENFORCEMENT

Rights may be narrower than they appear, and enforcing them takes time, money and cooperation from others.

REGULATORY AND PROTECTION

The activity may fall outside regulatory protection, and compensation-scheme or complaints access may not be available. [S1 S2]

CURRENCY, WHERE APPLICABLE

Where the investment and the investor's own currency differ, exchange-rate movement changes the result in either direction. [S6]

How the categories interact

These categories are not independent. A delay to a project is an operational matter that becomes a liquidity matter for the investor and, if it continues, a valuation and enforcement matter as well. A single event can move through several categories at once.

This guide deliberately does not score, rate or rank these risks. No category is safer than another in the abstract, and any weighting depends entirely on the individual arrangement and on circumstances the investor and their advisers are better placed to judge.

USEFUL QUESTION

For each category above: what would have to happen for this to become a problem, how would the investor find out, and what would the investor be able to do about it?

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SECURITY AND "ASSET-BACKED" LANGUAGE

The existence of an asset, a charge, a guarantee or a trustee does not remove investment risk. What matters is the detail of the arrangement and whether it can be enforced for value.

Eight things to examine behind the label

LEGAL OWNERSHIP

Which entity owns the asset said to support the investment, and is that the entity that granted the security? [S7]

VALUATION

Who valued it, on what basis, at what date, on what assumptions, and for whose benefit?

CREDITOR PRIORITY

Who ranks ahead of the investor, for how much, and does anyone have first call on the same asset? [S5]

REGISTRATION

Has the security been registered where registration is required, and within the applicable time limit? [S8]

CONTROL

Who holds and can act on the security: the investor, a trustee, a security agent, or the provider itself?

ENFORCEMENT

What triggers enforcement, who decides, what steps are required, and how long does it realistically take?

COSTS

Professional, agent and sale costs may be deducted from recoveries before any remaining amount is available for distribution to investors.

POTENTIAL SHORTFALL

If the asset sells for less than expected, investors may receive less than the amount due. The outcome depends on creditor ranking, costs and any other available recoveries.

The label and the detail

Descriptions such as "asset-backed", "secured" or "first charge" are summaries. Two arrangements using the same phrase can produce very different outcomes depending on which entity granted the security, what it covers, who ranks ahead and whether it was registered properly.

Security is best understood as a possible route to partial recovery in an adverse scenario, at a cost and after a delay. It is not protection against loss, and it does not make an investment safe or appropriate for a particular investor.

> **USEFUL QUESTION**
>
> If this investment did not perform, what exactly would happen next, who would take the first step, and what would the investor realistically be entitled to receive and when?

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TERM, LIQUIDITY AND EXIT

A date in a contract and the moment money reaches the investor are two different things. Several separate ideas are often described loosely as "the term".

CONTRACTUAL MATURITY	The date the documents say the amount is due. It states an obligation, not the availability of cash.
EXPECTED INVESTMENT TERM	The period the provider anticipates the money will be committed, which may be longer in practice.
INTENDED EXIT EVENT	The sale, refinancing, completion or distribution expected to produce the money for repayment.
EARLY TRANSFER	Whether the instrument can be transferred at all, on what conditions and with whose consent.
SECONDARY-MARKET AVAILABILITY	Whether any market or matching service exists, and whether anyone is obliged to buy at any price.
EXTENSION PROVISIONS	Whether the term can be extended, by whom, how often, and whether the investor is consulted or paid for it.
DEFAULT AND ENFORCEMENT RIGHTS	What counts as default, what notice applies, who may act, and what the investor can require. [S5]

Liquidity consideration

Investors should not assume that an early buyer or an active secondary market will exist. Where transfer is permitted at all, it usually depends on finding a willing buyer privately, at a price that buyer is prepared to pay, with any required consents in place.

Unlisted investments may be illiquid, and repayment may occur later than expected. Investors should consider, with an independent regulated adviser where appropriate, whether they can bear loss and leave the money invested for longer than the stated term.

> USEFUL QUESTION
>
> What specific event is expected to produce the money for repayment, what date is the provider working to, and what happens to the investor's position if that event occurs late or not at all?

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FEES, INCENTIVES AND CONFLICTS

Money leaves a project before it reaches an investor. Understanding what is paid, to whom and when explains how much of the investment is actually working, and where interests may diverge.

PROVIDER AND PROJECT COSTS

Land, construction, professional and running costs that the project must cover before any surplus arises.

ARRANGEMENT AND ADMINISTRATION CHARGES

Amounts charged for structuring, raising and administering the investment, whether one-off or recurring.

PROFESSIONAL FEES

Legal, valuation, accounting, trustee and agency costs, and whether they are paid by the project or the investor.

CONNECTED PARTIES

Whether any contractor, manager, seller or service provider is related to the issuer or its owners.

INTRODUCER AND DISTRIBUTION RELATIONSHIPS

Whether anyone is paid in connection with introducing or distributing the opportunity, and by whom.

EFFECT ON AVAILABLE PROJECT CASH

How much of the money raised reaches the asset or business, and how much is absorbed by costs.

TIMING OF PAYMENT

Whether fees are taken at the outset, during the term or on exit, and whether they rank ahead of investors.

ALIGNMENT AND CONFLICTS

Whether anyone is rewarded for raising money rather than for the project performing, and how that is managed.

Why this is worth the time

Costs are not evidence of a problem. Every project has them, and disclosed, well-explained costs are a normal feature of a privately arranged investment. The purpose of asking is to see the full picture: what the money buys, what it pays for, and what has to be achieved before an investor receives anything.

A conflict of interest is also not automatically improper. It becomes a concern when it is undisclosed, unmanaged or inconsistent with what the investor has been told. A provider that can explain its own economics clearly is easier to understand than one that cannot.

USEFUL QUESTION

Of every £100 raised, how much reaches the asset or business, what does the remainder pay for, and who receives it?

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DOCUMENTS AND SUPPORTING EVIDENCE

Each document answers a different question. Reading them for their specific purpose is more useful than reading them all for reassurance.

INFORMATION MEMORANDUM	The provider's own description of the opportunity. Useful as a map, and to be checked against the contracts.
APPLICATION AND SUBSCRIPTION DOCUMENTS	What the investor signs, what is being confirmed and warranted, and when it becomes binding.
THE INVESTMENT INSTRUMENT	The loan note instrument, articles, partnership agreement or contract that defines the rights themselves.
SECURITY DOCUMENTS	The charge, debenture, guarantee or trust deed, together with evidence of registration. [S8]
VALUATIONS	The full report rather than a quoted figure, including basis, date, assumptions and stated limitations.
COMPANY AND OWNERSHIP INFORMATION	Officers, ownership, filing history, registered charges and any insolvency information on the public record. [S4]
PROPERTY AND TITLE INFORMATION	Title register and plan, showing ownership and any charges or restrictions affecting the land. [S7]
FINANCIAL INFORMATION AND FORECASTS	Accounts, management figures and projections, with the assumptions behind them stated openly.
PROVIDER REPORTS AND PAYMENT INSTRUCTIONS	How and when the investor will be updated, and the account details and process for any payment.

The consistency test

The presentation, the contracts, the public records and the provider's verbal explanation should describe the same arrangement. Entity names, ownership, amounts, dates, security and ranking should agree across all four.

Complexity is not itself a concern; many legitimate structures are complex for good reasons. Unexplained inconsistency is different, and it is a reasonable basis for asking further questions before deciding anything.

INFORMATION TO IDENTIFY

Which document creates each right the investor is relying on, and whether the investor has seen that document rather than a summary of it. A question that cannot yet be answered is an item to raise with the provider and independent advisers.

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PEOPLE AND PROFESSIONAL ROLES

Several organisations may appear in the materials for a single opportunity. Their names are less informative than their roles, and a role is defined by who instructed them and for what purpose.

THE PROVIDER OR ISSUER

Responsible for its own statements, documents, contracts, acceptance process, receipt of funds and performance.

THE INTRODUCER

Presents opportunities, provides information supplied by the provider and introduces investors to the provider.

LAWYERS

Draft or review documents for a particular client, on a defined scope. That client may not be the investor.

VALUERS

Give an opinion of value on a stated basis and date, subject to assumptions and limitations set out in the report.

ACCOUNTANTS AND AUDITORS

Prepare, review or audit financial information. The scope and the period covered determine what the work shows.

SECURITY AGENTS AND TRUSTEES

Hold or administer security or investor interests within the powers and duties written into their appointment.

FINANCIAL-PROMOTION APPROVERS

Where a promotion is approved by an authorised firm, that approval relates to the communication. It is not personal advice or an assessment that the investment is suitable for the reader. [S9]

INDEPENDENTLY APPOINTED ADVISERS

Instructed by the investor, for the investor, with a scope the investor sets and a duty owed to the investor. [S3]

Six things that define any professional workstream

CLIENT

Who instructed the work and to whom the duty is owed.

SCOPE

What was examined, and what was expressly excluded.

DATE

When the work was done, and what has changed since.

ASSUMPTIONS

What the professional was told, or instructed, to assume.

LIMITATIONS

The qualifications and caveats stated in the report itself.

PERMITTED RELIANCE

Whether the investor is entitled to rely on it at all, and on what terms.

Professional involvement is informative once these six points are known. Without them, a familiar name in a document tells the investor very little about what has actually been examined, or on whose behalf.

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A DISCIPLINED DECISION PROCESS

The order of the work matters. Taking these steps in sequence keeps the examination of an opportunity organised, and makes it clear at every stage what is known and what is still outstanding.

01 **UNDERSTAND THE OPPORTUNITY**
Establish in plain terms what the money is for, what is expected to happen, and over what period.

02 **IDENTIFY THE LEGAL STRUCTURE**
Name every entity, establish which owns the asset, which issues the instrument, and where the investor sits.

03 **FOLLOW THE SOURCE AND USE OF MONEY**
Trace what the investment funds, what the costs are, and which event is expected to produce repayment.

04 **EXAMINE THE DOWNSIDE**
Work through what would happen if the project were delayed, cost more or failed, and what the investor could then do.

05 **REVIEW THE DOCUMENTS AND PARTIES**
Read the instrument and security documents, check the public records, and establish each professional's role.

06 **RAISE UNANSWERED QUESTIONS WITH THE PROVIDER**
List what remains unclear and put it to the provider directly, in writing where the point is material.

07 **OBTAIN INDEPENDENT ADVICE WHERE APPROPRIATE**
Instruct regulated investment, legal or tax advisers on the investor's own behalf where the consequences are material. [S3]

08 **MAKE AN INDEPENDENT DECISION**
Decide on the investor's own objectives, financial circumstances and ability to bear loss, or decide not to proceed.

> **A PRACTICAL COMPANION DOCUMENT**
>
> The *FJP Alternative Investment Due Diligence Checklist* sets out these steps as a working list of questions and documents to gather. It is available from FJP Investment on request.

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HOW FJP INTRODUCES OPPORTUNITIES

FJP Investment introduces qualifying investors to third-party providers of alternative investment opportunities. The stages below describe how an introduction proceeds.

01 **DISCUSS GENERAL AREAS OF INTEREST**
We discuss the kinds of opportunity the investor wishes to learn about.

02 **CONFIRM THE RELEVANT INVESTOR-STATUS STEP**
Communication and eligibility requirements differ by investor category and by country, and are confirmed before information is provided. [S9]

03 **INTRODUCE SPECIFIC OPPORTUNITIES**
We introduce opportunities together with the information made available by the provider.

04 **CONNECT THE INVESTOR WITH THE PROVIDER**
We introduce the investor to the provider so that questions can be put and answered directly.

05 **THE INVESTOR CONDUCTS THEIR OWN REVIEW**
The investor carries out their own enquiries, takes independent advice where appropriate and makes an independent decision.

06 **ANY APPLICATION IS MADE DIRECTLY TO THE PROVIDER**
The application, contract, acceptance checks and receipt of funds are matters between the investor and the provider.

FJP Investment's limited role

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SOURCES AND FURTHER READING

Every source below is a primary public source. Each title links to the material referred to, so readers can check the current position for themselves.

S1 — FINANCIAL CONDUCT AUTHORITY

FCA Handbook COBS 4.12A: promotions of restricted mass market investments

S2 — FINANCIAL SERVICES COMPENSATION SCHEME

Investments: what FSCS can protect

S3 — FINANCIAL CONDUCT AUTHORITY

FCA Firm Checker: check a firm is authorised

S4 — COMPANIES HOUSE / GOV.UK

Get information about a company

S5 — INSOLVENCY SERVICE / GOV.UK

Technical guidance for Official Receivers: creditors and liabilities

S6 — BANK OF ENGLAND

Who sets exchange rates?

S7 — HM LAND REGISTRY / GOV.UK

Search for land and property information

S8 — COMPANIES HOUSE / GOV.UK

Register a charge (mortgage) for a limited company

S9 — UK LEGISLATION

Financial Services and Markets Act 2000 (Financial Promotion) Order 2005

UNDERSTAND THE STRUCTURE. EXAMINE THE RISKS. MAKE AN INDEPENDENT DECISION.

SELECTED ALTERNATIVE INVESTMENTS FOR QUALIFYING INVESTORS